

City of Detroit


CITY COUNCIL

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To: Honorable City Council

From: David D. Whitaker, Director 
Research and Analysis Division (RAD) Staff

Re: **WATER AFFORDABILITY PLAN**

Date: February 3, 2010

Your Honorable Body has scheduled a discussion of the Detroit Residential Water Assistance Program (DRWAP) for Friday, February 5, 2010, at 10 a.m. To provide some context for this discussion, RAD submits the following report at this time.

History of the Water Affordability Program

RAD's file indicates that in January 2005 economist Roger Colton, of Fisher Sheehan and Colton, a consultant on public finance and general economics, from Belmont, Massachusetts, submitted a water affordability proposal on behalf of the Michigan Poverty Law Program (MPLP), Michigan Legal Services (MLS) and their clients. An outline of the program was subsequently developed by RAD, the Law Department, MLS and MPLP in April 2006, and later approved by the Board of Water Commissioners and City Council.

The stated objective of this proposal and the resulting program has been to assist individuals and families with bringing their water bills to affordable levels, to avoid service disconnections, and to eliminate account arrearages. These objectives are to be achieved by calculating affordable payments, and establishing a fund to subsidize service to low income customers. In January 2007 Victor Mercado, former Director of DWSD submitted a Water Affordability Program Status Report to City Council. On April 20, 2007, Mr. Colton provided a revised Draft Proposal for the Detroit Residential Water Assistance Program (DRWAP).

Implementation of the program was delayed on August 14, 2007, when the entity originally identified to oversee implementation (THAW) sent a letter stating they lack infrastructure to support the program as its administrator. However, on August 31, 2007, DWSD and the Department of Human Services (DHS) entered into a Memorandum of

Understanding regarding the program, designating DHS as the administrator. On September 5, 2007 they developed a Detroit Residential Water Assistance Program (DRWAP) Plan Overview, and on September 20, 2007 former Mayor Kilpatrick announced the administration's water assistance program. DWSD funds the program and DHS implements it.

As of the budget hearings in May 2008, Mr. Mercado stated that the program had enrolled 843 customers and more than \$1,000,000 has been scheduled for payment from the \$2.5 million set aside to fund the program. The departments have developed a flyer for the program (attached). RAD has recently called representatives of both DWSD and DHS, seeking updated information and status reports regarding the DRWAP, and will provide Council with whatever information we receive in response to these inquiries.

Discussion

As Council Members know, the affordability of residential water and sewer services, the potential for cutting off such services, and the management and operation of the water and sewerage system have historically been among the most contentious issues in the City, and indeed the region. The Water Affordability Program envisioned by poverty advocates in the City, and eventually adopted as the DRWAP, was intended as a means of effectively addressing such problems and controversy.

Some questions Council may wish to ask the administration regarding this program include:

- How many people are currently enrolled in the program?
- How many people have been enrolled total since its inception?
- How many people were enrolled at the peak, or over various periods of time, according to the records?
- How much money has been dedicated to the program at this point in time?
- Is the program sufficiently funded?
- Have there been any significant changes to the program in terms of its structure, procedures, or rules in the last year?
- Are customers automatically notified of the program at some point when they fall behind on their bills? When?
- How else are customers notified of the program, if at all?
- How many people in Detroit had their residential water service disconnected over the past year? (or other period of time when figures are available)

- Has the DRWAP proven to be an effective way to avoid or minimize water service shutoffs? If not, why not, and can anything be done to improve its effectiveness?

If Your Honorable Body has any other questions or concerns regarding this subject, RAD will be happy to provide further research and analysis upon request.

Can't Pay Your Water Bills?

Contact the
City of Detroit Department of Human Services
regarding the
**DETROIT RESIDENTIAL
WATER ASSISTANCE PROGRAM (DRWAP)**
For Low-Income City Residents

To Qualify, You Must Meet the Following Criteria:

- Shut off or Pending Shut off
- At or Below 200 Percent of Current Federal Poverty Levels
- Living in a Single-Family Dwelling and Responsible for Water Bill

The Customer is Responsible for Bringing in the Following Documentation:

- Income documentation, for all household members 18 years of age or older for the previous 12 months
- Current picture identification for each household member 18 years of age or older
- Verification of the ages of all minor household members (i.e. birth certificate, immunization records, school record, etc.)
- Current DWSD water bill, and payment/consumption history
- Proof of home ownership (or if renter, lease or rental agreement indicating who is responsible for the water bill)

Apply at DHS Community Service in your Area

18100 Meyers	Detroit 48235	■ (313) 887-6656
7737 Kercheval	Detroit 48214	■ (313) 852-4786
7131 Westfield	Detroit 48204	■ (313) 887-6687
5031 Grandy	Detroit 48211	■ (313) 852-5634
13303 E. McNichols	Detroit 48205	■ (313) 628-0775



Call to see if you qualify!

